

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3504-08  
BILL NO.: Perfected HS for HB 1603  
SUBJECT: Motor vehicle, Franchise Law  
TYPE: Original  
DATE: April 11, 2000

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

The **Office of the State Courts Administrator, Office of the Secretary of State, Department of Economic Development, Office of Administration - Administrative Hearing Commission, Department of Revenue** and the **Department of Labor and Industrial Relations** assume the proposed legislation would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

### FISCAL IMPACT - Small Business

Small businesses which are motor vehicle dealers or sell motor vehicles would be affected by this proposal.

### DESCRIPTION

This proposal revises Missouri's motor vehicle franchise law.

A motor vehicle franchiser will be required to give notice to franchisees at least 60 days in advance when establishing an additional or new motor vehicle dealership in a relevant market area of same line-make.

The proposal spells out the procedure and contents of the notification. Any dealer, within 30 days after receipt of a notice, may file a petition with the Administrative Hearing Commission protesting a proposed establishment or relocation. A franchiser will be restricted from establishing or relocating a new dealer until the commission has held a hearing and has determined there is good cause for permitting the proposed establishment or relocation. The bill contains language for determining good cause. A motor vehicle franchiser and franchisee will be

DESCRIPTION (continued)

subject to the jurisdiction of the courts and administrative agencies of the state.

The proposal also contains language dealing with warranty reimbursements, warranty service audits, stay of proceeding or action, appeals of Administrative Hearing Commission decisions, dual product lines, and factory franchise ownership.

The proposal also specifies the provisions on prohibition of factory-owned dealerships with exceptions, administrative hearing procedures, and dualing.

The proposal removes the requirement in the proposal of 15% of the total sales price when a manufacturer is entering into a relationship with an economically disadvantaged person and instead requires the person to make a reasonable initial investment in the franchise. The amendment also allows franchisees to sell motor vehicles from two or more different manufacturers as long as the franchisee has separate showrooms.

The proposal makes several changes in the process used for hearings before the Administrative Hearing Commission pursuant to the Motor Vehicle Franchise Practices Act. The amendment eliminates the requirement that the commission set a hearing date within 10 days of receiving an application for a hearing; hold a hearing within 45 days, or in certain cases 90 days, of setting the hearing date; and issue a final decision within 60 days of the hearing. Respondents are required to file a responsive pleading within 30 days of receiving a hearing notice from the commission. The discovery process for the hearing is similar to the process used in circuit court. In addition, franchisees are allowed to seek enforcement of decisions of the commission in Cole County circuit court. The court is required to defer to the commission's findings of fact.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Courts Administrator  
Secretary of State  
Department of Economic Development  
Office of Administration  
Administrative Hearing Commission  
Department of Labor and Industrial Relations  
Department of Revenue

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SOURCES OF INFORMATION (continued)

**NOT RESPONDING: Circuit Court of Cole County**

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director  
April 11, 2000